STATE OF DELAWARE DEPARTMENT OF FINANCE DIVISION OF REVENUE 601 DELAWARE AVENUE WILMINGTON, DELAWARE 19899

TAX NEWSGRAM 72-18

January 18, 1972

PERSONAL INCOME TAX - RETIREMENT EXCLUSION

House Bill 466 as amended by House Amendment No. 2, Second Special Session, 126th General Assembly approved by Governor Peterson on October 22, 1971 revises Section 1106 (b) (2), Title 30, Delaware Code. The effective date of the revised section is January 1, 1971 and the effective date of termination of the old section is October 31, 1971.

The revised section excludes from income amounts received by a person who is totally and permanently disabled, or by a person over 60 years of age who is retired from regular gainful employment provided the taxable does not receive adjusted gross income in excess of \$10,000 in the taxable year. The amount to be excluded shall not exceed \$2,000.

One shall be gainfully employed if he earns more than \$2,000 as an employee or from self-employment during the taxable year.

To qualify as "retired from gainful employment" an individual must have received more than \$600 of "earned income" in each of any 10 previous calendar years.

The retirement exclusion shall not be allowed if the adjusted gross income before deducting the exclusion under Section 1106 (b) (2) exceeds \$10,000.

For 1971 only taxpayer will be allowed to subtract amounts received as pensions from employers, the United States, this State, or any subdivision thereof, not to exceed \$2,000 or the amount received as pension before November 1, 1971, whichever is the lower amount.

In no case will the combined exclusion allowable under the old and new law exceed \$2,000.

This changes the law from an allowance of \$2,000 exclusion from pensions as described above to an exclusion for those who meet the qualifications of retirement as defined in the new section. In no event

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will the allowance exceed \$2,000 nor will the retirement exclusion be allowed if the income before these exclusions exceed \$10,000.

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